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- COM(2011) 874 final

Subject: Proposal for a Regulation of the European Parliament and of the Council on the
 establishment of a Programme for the Environment and Climate Action (LIFE)
 - Orientation debate

I. INTRODUCTION

1. The Commission adopted the above-mentioned proposal on 12 December 2011. The aim of the proposal is to establish a Programme for the Environment and Climate Action (LIFE) covering the period from 1 January 2014 to 31 December 2020. The proposed LIFE budget is €3.2 billion over the 2014-2020 financial period.

2. The Commission presented their proposal to the Council at its meeting on 19 December 2011. The Working Party on the Environment (WPE) began examining the proposal in January 2012 and has since met three times. Discussions to date focused mainly on the key issues identified by the Presidency: Integrated projects; Simplification including co-financing; Geographical balance; Role of the Member States.

II. QUESTIONS FOR THE ORIENTATION DEBATE

3. On the basis of the discussions held by the WPE and the Member States' replies received in writing, the Presidency drafted the questions which are set out in the Annex to guide the orientation debate in Council (Environment) on 9 March 2012. They focus on two key issues: geographical balance and simplification, including co-financing.

III. CONCLUSIONS

4. The Committee of Permanent Representatives is invited to take note of the questions in the Annex and to forward them to the Council where they will serve as a basis for its orientation debate at its meeting on 9 March 2012.
5. Furthermore, in order to facilitate the orientation debate, delegations are invited to send to the General Secretariat of the Council their written replies to the questions in advance of the Council meeting.

Presidency questions for the orientation debate

Question 1:

For the purpose of implementing EU environmental and climate legislation through Integrated Projects in all Member States, the Commission has proposed that this new type of project should be awarded by the Commission in line with the principles of solidarity and effort sharing. Those principles have been translated into the concept of “geographical balance”. This implies that traditional projects should be considered solely on the basis of merit and quality.

Seeking a geographical balance, it would be the intention of the Commission to ensure, amongst other things, that every Member State in the financial period has at least one Integrated Project in the areas mentioned in Article 18 point (d).

The Presidency has observed that most Member States believe that the concept of "geographical balance" is relevant for the distribution of Integrated Projects, although most Member States would prefer the concept to be clarified further and specific criteria for the implementation of "geographical balance" to be included in the Regulation.

Some Member States believe that geographical balance should apply to all types of projects. Some Member States prefer the concept of "geographical balance” to be translated into criteria for national allocation as in the existing LIFE+ Regulation, while other Member States believe that all projects should be awarded solely on the basis of merit and quality.

Against this background and bearing in mind the differing views amongst Member States, the Presidency would propose to proceed on the basis of the current proposal, but amended to incorporate directly in the Regulation specific criteria for the setting of geographical balance for Integrated Projects. These criteria would then be developed in the forthcoming negotiations on the proposal.

- ***Do Ministers agree with this approach as a basis for further negotiations?***

Question 2:

For the purpose of simplification, the Commission has proposed to make VAT and permanent staff costs non-eligible for EU co-financing, linking this to an increase in the co-financing rates to cover these costs for applicants. The Commission has also proposed other simplification measures such as the use of lump sums and flat rates.

Based on the discussions so far, the Presidency has observed that most Member States would like to maintain VAT and staff cost as eligible costs and at the same time all Member States are in favour of simplification.

Against this background, and as a basis for further discussions, the Presidency would propose to keep the eligibility of VAT and permanent staff costs and at the same time decrease the proposed co-financing rates accordingly, while exploring further simplification options, including the use of lump sums and flat rates.

- *Do Ministers agree with this approach as a basis for further negotiations?*
